



LINEAGE PROJECT

LINEAGE PROJECT, INC.
Financial Statements
December 31, 2020 and 2019
With Independent Auditor's Report

Lineage Project, Inc.
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December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Lineage Project, Inc.;

We have audited the accompanying financial statements of Lineage Project, Inc. ("Lineage" or the "Organization") which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lineage Project, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

WithumSmith+Brown, PC

November 5, 2021

Lineage Project, Inc.
Statements of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash	\$ 860,070	\$ 586,196
Accounts receivable	86,768	24,895
Promises to give receivable, net	300,000	345,253
Prepaid expenses and other current assets	3,974	6,895
Total current assets	<u>1,250,812</u>	<u>963,239</u>
Other assets		
Long-term promises to give, net	-	283,352
Total other assets	<u>-</u>	<u>283,352</u>
 Total assets	 <u>\$ 1,250,812</u>	 <u>\$ 1,246,591</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 58,198	\$ 47,187
Total liabilities	<u>58,198</u>	<u>47,187</u>
Net assets		
Without donor restrictions	702,671	447,060
With donor restrictions	<u>489,943</u>	<u>752,344</u>
Total net assets	<u>1,192,614</u>	<u>1,199,404</u>
 Total liabilities and net assets	 <u>\$ 1,250,812</u>	 <u>\$ 1,246,591</u>

The Notes to Financial Statements are an integral part of these statements.

Lineage Project, Inc.
Statements of Activities
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Contributions	\$ 240,881	\$ 266,648	\$ 507,529	\$ 259,271	\$ 1,053,352	\$ 1,312,623
Grant income	77,963	-	77,963	-	-	-
Donated services and equipment	24,716	-	24,716	38,175	-	38,175
Program service income	66,424	-	66,424	98,670	-	98,670
	<u>409,984</u>	<u>266,648</u>	<u>676,632</u>	<u>396,116</u>	<u>1,053,352</u>	<u>1,449,468</u>
Net assets released from restriction	<u>529,049</u>	<u>(529,049)</u>	<u>-</u>	<u>646,680</u>	<u>(646,680)</u>	<u>-</u>
	939,033	(262,401)	676,632	1,042,796	406,672	1,449,468
Expenses						
Program services	<u>410,377</u>	<u>-</u>	<u>410,377</u>	<u>421,057</u>	<u>-</u>	<u>421,057</u>
Supporting services						
Management and general	207,736	-	207,736	211,152	-	211,152
Fundraising	65,309	-	65,309	89,463	-	89,463
	<u>273,045</u>	<u>-</u>	<u>273,045</u>	<u>300,615</u>	<u>-</u>	<u>300,615</u>
	<u>683,422</u>	<u>-</u>	<u>683,422</u>	<u>721,672</u>	<u>-</u>	<u>721,672</u>
Change in net assets	255,611	(262,401)	(6,790)	321,124	406,672	727,796
Net assets						
Beginning of year	<u>447,060</u>	<u>752,344</u>	<u>1,199,404</u>	<u>125,936</u>	<u>345,672</u>	<u>471,608</u>
End of year	<u>\$ 702,671</u>	<u>\$ 489,943</u>	<u>\$ 1,192,614</u>	<u>\$ 447,060</u>	<u>\$ 752,344</u>	<u>\$ 1,199,404</u>

The Notes to Financial Statements are an integral part of these statements.

Lineage Project, Inc.
Statement of Functional Expenses
Year Ended December 31, 2020

	<u>Program Services</u>	<u>Supporting Services</u>			<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries	\$ 274,921	\$ 72,767	\$ 20,747	\$ 93,514	\$ 368,435
Payroll taxes and employee benefits	57,042	17,406	4,998	22,404	79,446
Professional and consulting fees	34,307	88,558	27,596	116,154	150,461
Donated services and equipment	6,303	13,595	4,818	18,413	24,716
Meals, travel and entertainment	939	348	39	387	1,326
Office supplies and other expenses	8,780	7,213	989	8,202	16,982
Insurance	2,659	707	201	908	3,567
Occupancy and utilities	13,886	4,394	1,240	5,634	19,520
Dues and subscriptions	6,832	1,816	516	2,332	9,164
Professional development	3,508	932	265	1,197	4,705
Development expenses	-	-	3,900	3,900	3,900
Scholarships	1,200	-	-	-	1,200
	<u>\$ 410,377</u>	<u>\$ 207,736</u>	<u>\$ 65,309</u>	<u>\$ 273,045</u>	<u>\$ 683,422</u>

The Notes to Financial Statements are an integral part of this statement.

Lineage Project, Inc.
Statement of Functional Expenses
Year Ended December 31, 2019

	<u>Supporting Services</u>				<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries	\$ 269,376	\$ 78,537	\$ 14,157	\$ 92,694	\$ 362,070
Payroll taxes and employee benefits	45,006	10,026	2,719	12,745	57,751
Professional and consulting fees	39,393	101,939	64,058	165,997	205,390
Meals, travel and entertainment	4,286	1,904	123	2,027	6,313
Office supplies and other expenses	13,386	6,574	605	7,179	20,565
Insurance	2,700	787	142	929	3,629
Occupancy and utilities	25,806	9,054	1,726	10,780	36,586
Dues and subscriptions	4,848	1,413	255	1,668	6,516
Professional development	3,191	918	166	1,084	4,275
Development expenses	-	-	5,512	5,512	5,512
Subcontractors	8,000	-	-	-	8,000
Bad debt	2,660	-	-	-	2,660
Scholarships	2,405	-	-	-	2,405
	<u>\$ 421,057</u>	<u>\$ 211,152</u>	<u>\$ 89,463</u>	<u>\$ 300,615</u>	<u>\$ 721,672</u>

The Notes to Financial Statements are an integral part of this statement.

Lineage Project, Inc.
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating activities		
Change in net assets	\$ (6,790)	\$ 727,796
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Bad debt expense	-	2,660
Present value adjustment	(16,648)	16,648
Changes in		
Accounts receivable	(61,873)	10,860
Promises to give receivable	345,253	(570,253)
Prepaid expenses and other current assets	2,921	(1,585)
Accounts payable and accrued expenses	11,011	(22,860)
Deferred revenue	-	(4,250)
Net cash provided by operating activities	<u>273,874</u>	<u>159,016</u>
 Net change in cash	 273,874	 159,016
 Cash		
Beginning of the year	<u>586,196</u>	<u>427,180</u>
 End of year	 <u>\$ 860,070</u>	 <u>\$ 586,196</u>

There were no amounts paid for interest or taxes for the years ended December 31, 2020 or 2019.

The Notes to Financial Statements are an integral part of these statements.

Lineage Project, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Lineage Project, Inc. (“Lineage” or the “Organization”) teaches trauma-sensitive and culturally competent mindfulness practices to young people, ages 12 to 24, who are navigating serious life challenges, including involvement in the court, foster care, psychiatric care, shelter, immigration, school suspension, and education systems. Our programs support young people in cultivating inner/collective well-being and resilience, and strengthen community bonds. We also teach mindfulness to the staff working inside of these systems—helping them co-regulate with young people, and mitigating their secondary trauma and burnout. Our simultaneous work with young people and staff helps build cultures of greater support and empathy inside NYC’s most complex and overtaxed systems.

The vast majority of Lineage’s students are Black or Latinx, ages 11 to 24, and are largely from communities of (imposed) resilience and persistently unequal resources. Too often, they are impacted by a range of traumatized/traumatizing systems. Our students experience interlocking forms of racial, gender, and economic injustice—and are routinely exposed to toxic levels of stress, trauma, and isolating systems while their brains and bodies are actively developing. Simultaneously, structural barriers routinely prevent our students from accessing culturally competent wellness programs that might mitigate the impact of trauma and system involvement on their lives. This is why we exist.

Our Program Model

“The Lineage classes helped me manage stress and understand to look at things externally (in context) as well as internally (how I feel) then choose to respond rather than react. It was great, fun, interesting, and well needed.” - Student, age 18, in Lineage’s program with the NYC Dept. of Probation.

Our teaching model integrates movement (e.g., yoga/Tai Chi); group reflection to draw out students’ strengths and wisdom; and guided meditation. Each class is organized around a theme (e.g. “courage”), serving as a through-line for the class. We share simple, portable strategies to help students manage stress, deepen emotional resilience and regulation, strengthen self-awareness, and create a sense of belonging.

Lineage teaches mindfulness for real life. First and foremost, we affirm our students as experts in their own experience, inviting them to identify the strategies and resources they use to navigate the challenges they face. And we provide a collective care space in which our students learn new practices that can support them. We do not treat mindfulness practice as a panacea for the harms caused by oppression and structural violence, and we do not bypass the impact of our students’ traumas. We continually study how traumatic experiences impact the brain, body, and nervous system—infusing this knowledge into every dimension of our work.

Lineage Project, Inc. was incorporated in the State of New York in 2003. Significant sources of revenue are received from contributions and government grants.

This summary of significant accounting policies of Lineage Project, Inc. is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America as promulgated in *FASB Accounting Standards Codification* and have been consistently applied in the preparation of the financial statements.

Lineage Project, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets without donor restrictions are net assets that are not restricted by donor-imposed stipulations and are available for the general operations of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions are released from restriction when a donor stipulated time restriction ends, or a purpose restriction is accomplished.

New Accounting Pronouncements Issued Not Yet Effective

Leases

In February 2016, the FASB issued ASU 2016-02 *Leases* (Topic 842), which requires the recognition of a “right to use” asset and a lease liability, initially measured at the present value of the lease payments, on the statements of financial position for all of the Organization’s lease obligations, except for short-term leases. This ASU is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The Organization does not expect this ASU to have a significant impact on its financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

Cash consists of demand deposit accounts held at major financial institutions and may at times exceed the insurable amount. Management believes it mitigates its risk by investing in major financial institutions and in funds that are currently U.S. federal government insured.

Revenue Recognition

Contributions and Promises to Give Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Unconditional contributions received are recorded as net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions.

Lineage Project, Inc.
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When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Promises to give receivables are recorded at their estimated values after reduction for an allowance for doubtful accounts and net present value adjustment. The allowance for doubtful accounts is determined primarily through specific identification and evaluation of significant past due amounts based on historical experience as well as the current economic environment. The Organization reviews individual past due amounts periodically and writes off amounts for which all collection efforts are deemed to have been exhausted. The net present value adjustment is computed on promises to give receivables with repayments due in over a year using a risk-free rate of return as of the date of the statements of financial position.

Revenue from Contracts with Customers

Income is recognized on an accrual basis when earned. Program service income is recognized when the program occurs. Professional training income is recognized when the training occurs, and monies received in advance of trainings are recorded as deferred revenue on the statements of financial position and recognized into revenue when the training occurs. Revenue from contracts with customers are treated as revenues without donor restrictions. The Organization does not have any significant financing components as payment is received at or shortly after the point the program and training is completed.

Revenue from Grant Contracts

The Organization accounted for government grant revenues as a conditional contribution in the statements of activities and recognizes revenues when the conditions are met, which is as the costs are incurred in accordance with the terms of the subcontractor agreement.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance or directly to bad debt expense. As of December 31, 2020 and 2019, there was no allowance for doubtful accounts.

Donated Services and Equipment

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received. These contributions are reflected within the statements of activities and changes in net assets as donated property and services.

Lineage Project, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

For the years ended December 31, donated services and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>
Donated professional services	\$ 18,077	\$ -
Donated legal services	6,639	36,675
Donated equipment	-	1,500
	<u>\$ 24,716</u>	<u>\$ 38,175</u>

Income Taxes

The Organization is a New York not-for-profit organization exempt from federal income taxes pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code and from New York State income taxes under applicable state law. Accordingly, no provision for federal or state income taxes has been recorded in the statements of activities. The Organization's accounting policy provides that a tax expense or benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2020 and 2019 there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

In addition, there have been no tax related interest or penalties in these financial statements. Should any such penalties and interest be incurred, the Organization's policy would be to recognize them as management and general expenses.

Functional Allocation of Expenses

The costs of providing program and other activities has been summarized on a functional basis in the statements of activities and have been detailed on the statements of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense Category</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Fringe benefits	Salaries
Insurance	Salaries
Payroll service fees	Salaries
Professional costs	Time and effort
Facility expenses	Salaries
Supplies, dues/subscriptions	Salaries

Lineage Project, Inc.
Notes to Financial Statements
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2. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2020 and 2019, financial assets and liquidity resources available within one year for general expenditures were as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 860,070	\$ 586,196
Accounts receivable	86,768	24,895
Promises to give, net	300,000	628,605
Less: Amounts restricted for time or purpose restrictions	<u>(489,943)</u>	<u>(752,344)</u>
Total financial assets and liquidity resources	<u>\$ 756,895</u>	<u>\$ 487,352</u>

The financial assets above are not subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. Generally, annual operating revenue covers expenses. The Organization has the financial assets listed above that will cover any additional cash flow needs not covered by operating revenue.

3. RISK AND UNCERTAINTIES

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, promises to give, and accounts receivable. The Organization maintains its cash in bank deposit accounts, the balance of which, at times, may exceed federally insured limits. The Organization limits its exposure by performing periodic evaluations of the financial institution where it maintains its cash. Concentration of credit risk with respect to accounts receivable is limited due to the fact that the receivables are mainly derived from established organizations and have short periods and history of collection. See Note 6 for receivable concentration.

The global pandemic related to the outbreak of a novel strain of Coronavirus (“COVID-19”) that was declared in March 2020 by the World Health Organization has continued into 2021. Management has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization’s overall financial condition and result of operations, the specific impact is not readily determinable as of the date of these financial statements.

4. PROMISES TO GIVE RECEIVABLE

Promises to give receivable at December 31, were as follows:

	<u>2020</u>	<u>2019</u>
Total promises to give receivable	\$ 300,000	\$ 645,253
Less: Discount to net present value	<u>-</u>	<u>16,648</u>
Net promises to give receivable	300,000	628,605
Current portion	<u>300,000</u>	<u>345,253</u>
Promises to give receivable, long-term	<u>\$ -</u>	<u>\$ 283,352</u>

All promises to give receivables as of December 31, 2020 are due within one year.

Lineage Project, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

5. COMMITMENTS

The Organization leases office space in New York on a month to month basis. Rent expense amounted to approximately \$16,828 and \$35,731 for the years ended December 31, 2020 and 2019, respectively.

6. CONCENTRATIONS

The Organization had three donors that accounted for 89% (63%, 13%, 11%) of outstanding accounts receivables and promises to give receivable as of December 31, 2020. The Organization had two donors that accounted for 89% (74% and 15%) of outstanding receivables as of December 31, 2019.

For the year ended December 31, 2020, the Organization had three donors make up 45% (19%, 15% and 10%) of total contribution revenue. For the year ended December 31, 2019, the Organization had two donors make up 57% (38% and 19%) of total contribution revenue.

For the year ended December 31, 2020, 100% of the grant income was from the Paycheck Protection Program. See Note 10.

7. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2020 and 2019, contributions from the Board of Directors amounted to \$37,500 and \$61,220, respectively.

8. EMPLOYEE BENEFIT PLAN

The Organization has a defined contribution salary deferral 401(k) plan which commenced January 1, 2016, covering substantially all employees. Under the plan, the Organization matches dollar for dollar up to 4% of each eligible employee's salary. For the years ended December 31, 2020 and 2019, the Organization contributed \$8,482 and \$7,340, respectively, to the plan.

9. NET ASSETS

Components of net assets are as follows at December 31:

<u>Detail of Net Assets</u>	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
General operations	\$ 702,671	\$ -	\$ 702,671
Time restricted for future periods	-	389,943	389,943
Purpose restricted: Mindfulness training	-	100,000	100,000
	<u>\$ 702,671</u>	<u>\$ 489,943</u>	<u>\$ 1,192,614</u>

<u>Detail of Net Assets</u>	<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Assets</u>
General operations	\$ 447,060	\$ -	\$ 447,060
Time restricted for future periods	-	648,712	648,712
Time and purpose restricted	-	3,632	3,632
Purpose restricted: Mindfulness training	-	100,000	100,000
	<u>\$ 447,060</u>	<u>\$ 752,344</u>	<u>\$ 1,199,404</u>

Lineage Project, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

Net assets were released from donor restrictions by incurring expenses satisfying the time or purpose restrictions specified by the donor as follows:

<u>Detail of Net Assets</u>	<u>2020</u>	<u>2019</u>
Time restricted for future periods	\$ 425,417	\$ 395,742
Time and purpose restricted	3,632	300
Purpose restricted	<u>100,000</u>	<u>250,638</u>
	<u>\$ 529,049</u>	<u>\$ 646,680</u>

10. PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

On May 4, 2020, the Organization issued an unsecured promissory note (the "PPP Loan") for \$77,963 through the Paycheck Protection Program ("PPP") established under the CARES Act, and administered by the U.S. Small Business Administration ("SBA"). The PPP Loan is guaranteed by the SBA. The PPP Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP Loan at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP Loan was disbursed ("Covered Period"), and otherwise satisfied PPP requirements. The PPP Loan was made through TD Bank (the "Lender"), has a two-year term, bears interest at 1.00% per annum, and matures on May 4, 2022. If the PPP Loan is not forgiven, monthly principal and interest payments are deferred until ten months after the end of the Covered Period.

The Organization concluded that the PPP Loan should be accounted for as a government grant. Under the provisions of ASC 958-605, the PPP Loan represents, in substance, a grant that is expected to be forgiven (a conditional contribution). The conditional contribution is recognized as grant income at a point in time once the conditions of release have been met or explicitly waived; or over a period of time as it incurs qualifying PPP expenses. As discussed above, the Organization believes that it is probable that it met the terms of forgiveness prior to December 31, 2020. Accordingly, the Organization recognized PPP grant income for the full amount of the PPP Loan in the accompanying statement of activities, and no liability for the PPP Loan is reflected in the accompanying statement of financial position.

The Organization received full forgiveness on April 16, 2021.

11. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the statement of financial position date through the date of November 5, 2021, the date the financial statements were available to be issued. Based upon this evaluation, the Organization has determined that there were no other subsequent events that have occurred, other than as noted below and loan forgiveness disclosed in Note 10, which require recognition or disclosure in the financial statements:

CARES Loan

During March 2021, the Organization received a second PPP Loan from a financial institution in the amount of \$77,965. The loan may be forgiven by the financial institution based on the use of the loan proceeds in accordance with the CARES Act. If it is determined by the financial institution that the criteria for debt forgiveness has not been met, the loan will mature 5 years from the date of the loan and interest will accrue at 1% annually. The second PPP Loan will be accounted for under the grant method, and as such, income will be recognized as allowable expenditures are incurred.